

U. S. TREASURY DEPARTMENT  
Internal Revenue Service  
Washington 25, D. C.

November 21, 1956

Alcohol and Tobacco Tax Division  
Industry Circular No. 56-42

Issuance of Records To Be Kept  
by Manufacturers of Cigars and  
Cigarettes

Manufacturers of cigars and cigarettes:

1. Purpose

The purpose of this industry circular is to announce the issuance of Form 2142, Record To Be Kept By Manufacturer of Large Cigars, and Form 2143, Record To Be Kept By Manufacturer of Small Cigars And Large And Small Cigarettes, and to provide instructions and guidelines for the proper recording of the information required by regulations, 26 CFR 270.142.

2. Description of Forms 2142 and 2143

Form 2142 consists of a single sheet 21 by 16 inches perforated on a center fold line to make a double sheet 10½ by 16 inches. The form contains three sections; Section I, Account of Tobacco Materials Received, Section II, Account of Tobacco Materials Shipped, Delivered, Lost, and Destroyed, and Section III, Account of Large Cigars, which are designed to record such operations and transactions for a period of one month. A supplemental Form 2142-A, printed as a single sheet 10½ by 16 inches, containing Section IV, Account of Stamps, and Section V, Account of Taxpaid Large Cigars Received, is provided for use by a manufacturer of large cigars using stamps for taxpayment, and by a manufacturer receiving into his factory taxpaid large cigars. Form 2143 is identical to Form 2142 in size and design, and contains five sections; Section I, Account of Tobacco Materials Received, Section II, Account of Tobacco Materials Shipped, Delivered, Lost, and Destroyed, Section III, Account of Small Cigars, Large Cigarettes, or Small Cigarettes, Section IV, Account of Stamps, and Section V, Account of Taxpaid Small Cigars, Large Cigarettes, or Small Cigarettes Received.

3. Issuance of the Forms

Six copies of Form 2142 or 2143, as the case may be, will be furnished initially by the Assistant Regional Commissioner, Alcohol and Tobacco Tax, prior to January 1, 1957, to each manufacturer, in his region, for use beginning such date.

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4. Use of Forms 2142 and 2143

The headings of the accounts and columns and the footnotes on the forms provide appropriate reference and general instructions to guide the manufacturer in recording the required information. However, additional instructions are furnished with respect to the recording of the following operations and transactions to insure a clear understanding of the major changes made in the records.

(a) Receipt and Disposition of Tobacco Materials

The receipt of tobacco materials into the factory and the subsequent shipment, delivery, loss, or destruction of such tobacco materials shall be recorded under only the two classifications of unstemmed tobacco (tobacco from which the stem or mid-rib has not been removed) and other tobacco materials (all other tobacco materials, including stems--if received or if shipped or delivered to manufacturers of tobacco products, dealers in tobacco materials, or for purposes other than fertilizer, insecticide, or nicotine--but not including waste). A separate entry shall be made in the record with respect to each receipt, shipment, or other disposition of tobacco materials.

(b) Receipt of Untaxpaid Cigars and Cigarettes

The receipt of untaxpaid cigars or cigarettes from another factory, an export warehouse, customs custody, and by withdrawal from the market, shall be recorded as a combined single daily entry in Section III of the appropriate form, in the column headed "Received Without Payment of Tax." However, with respect to such cigars and cigarettes withdrawn from the market, the manufacturers should first determine the disposition to be made thereof and so record only those cigars or cigarettes that are to be reworked, reconditioned, or reduced to materials. Those cigars or cigarettes which are reduced to materials shall then also be recorded in Section III in the column headed "Reduced to Materials." The quantity of tobacco materials obtained from such reduction of cigars or cigarettes shall then also be recorded in Section I of the appropriate form.

(c) Receipt of Taxpaid Cigars and Cigarettes

The receipt of taxpaid cigars or cigarettes into the factory and the subsequent disposition of such cigars or cigarettes shall be recorded in Section V of the appropriate form. The cigars or

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cigarettes to be recorded in this section include those taxpaid cigars or cigarettes received from another factory, and those taxpaid cigars or cigarettes of the manufacturer which are returned to the factory, for reshipment in the same condition as received.

(d) Loss and Destruction of Cigars and Cigarettes

The loss or destruction of cigars or cigarettes which have been recorded as manufactured, or as received without payment of tax, and which are lost or destroyed prior to removal from the factory, shall be recorded in Section III of the appropriate form, in the column headed "Lost and Destroyed."

(e) Loss, Destruction, and Mutilation of Stamps

The loss, destruction, or mutilation of stamps which have been recorded as received (including those affixed to packages which have not been removed from the factory) shall be recorded in Section IV of the appropriate form, in the column headed "Lost, Destroyed, and Mutilated."

(f) Reduction of Cigars and Cigarettes to Materials

The reduction to tobacco materials of cigars or cigarettes which have been recorded as manufactured, or as received without payment of tax, shall be recorded in Section III of the appropriate form, in the column headed "Reduced to Materials."

5. Effect on Prior Instructions

Any prior instructions relative to the keeping of the internal revenue record which are inconsistent or in conflict with the instructions contained in this Industry Circular or printed on the respective forms, are hereby amended or superseded accordingly.

6. Inquiries in regard to this Industry Circular should refer to the number thereof and should be directed to the appropriate Assistant Regional Commissioner, Alcohol and Tobacco Tax.

  
Dwight E. Avis  
Director, Alcohol and Tobacco Tax Division